



ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad-500 027

Andhra Pradesh, India

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22nd

ANNUAL REPORT

2008-2009



ORTIN LABORATORIES LIMITED

REGISTERED OFFICE	: FLAT NO. 502, PALEM TOWERS, BARKATPURA, HYDERABAD – 500 027 ANDHRA PRADESH
BOARD OF DIRECTORS	: SRI. S.MURALI KRISHNA MURTHY SRI. S. MOHAN KRISHNA MURTHY SRI. S. BALAJI VENKATESWARLU SRI. S. SRINIVAS KUMAR SRI. J. R. K. PANDU RANGA RAO SRI. M. TIPPAYYA SRI. D. HANUMANTHA RAO SRI. G. SREENIVASULU GUPTA
WORKS	: PLOT NO. 275 & 278, I.D.A PASHAMYLARAM, MEDAK DIST., (A.P)
BANKERS	: KARNATAKA BANK LTD., NAMPALLY, HYDERABAD. I.C.I.C.I. BANK, HIMAYATH NAGAR, HYDERABAD. SYNDICATE BANK, M.J.ROAD, NAMPALLY, HYDERABAD. STATE BANK OF INDIA, BARKATPURA, HYDERABAD CANARA BANK, NARAYANA GUDA, HYDERABAD
AUDITORS	: M/S.MATHESH & RAMANA, CHARTERED ACCOUNTANTS, 3-6-145, HIMAYATH NAGAR, HYDERABAD – 500 029.
REGISTRARS AND SHARE TRANSFER AGENTS	: M/S SATHGURU MANAGEMENT CONSULTANTS, NO.15, HINDI NAGAR, PANJAGUTTA, HYDERABAD -34



NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of ORTIN LABORATORIES LIMITED will be held on 30.09.2009 at 11.30 A. M., at the Registered Office of the Company situated at Flat No.502, Palem Towers, Barkatpura, Hyderabad-500027 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares
3. To appoint a Director in place of Sri. M. Tippayya, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. G. Sreenivasulu Guptha who was appointed as Additional Director of the company pursuant to the provisions of section 260 of the companies act 1956 by the Board of Directors w.e.f 31.07.2009 and who holds the office up-to date of the ensuing Annual General Meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said act, along with a deposit of Rs.500/- proposing him as candidate for the office of Director of the company, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement of directors by rotation"

Notes:

1. A member is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member attending the meeting and voting in person if he or she wishes. A form of proxy is given at the end of this Annual report



2. The register of members and share transfer books of the Company will remain closed from 25.09.2009 to 30.09.2009 (both days inclusive)
3. The dividend of 8% for the year ended 31st March 2009 as recommended by the Board, if sanctioned at the AGM will be payable to those members whose names appear on the Company's Register of Members on 24th September, 2009.
4. Members are requested to notify immediately any change in their address to the Company's Registered Office.
5. Members/Proxies are requested to bring duly filled in attendance slips to the meeting. The form of attendance slip is given at the end of this Annual Report.
6. Members holding shares in the physical form may write to the Company for any change in their addresses and bank mandates. Members holding shares in electronic form may write to their depository participants for immediate updation so as to enable the Company to dispatch dividend warrants to the correct address.

By Order of the Board
For **ORTIN LABORATORIES LIMITED**

Sd/-

S. MURALI KRISHNA MURTHY
MANAGING DIRECTOR

Place: Hyderabad

Date: 28.08.2009



EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5:

The members may note that Mr. G. Sreenivasulu Guptha, was inducted into Board as Additional Director of the company, under Independent Director Category with effect from 31.07.2009 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General Meeting. The company has received notice in writing from members of the company along with a deposit of Rs.500/- under Section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said persons for the Office of Directors whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the Board recommends the resolution for your approval.

None of Directors except Mr. G. Sreenivasulu Guptha may be deemed to be concerned or interested in the resolution.

By Order of the Board

For ORTIN LABORATORIES LIMITED

Sd/-

S. MURALI KRISHNA MURTHY

MANAGING DIRECTOR

Place: Hyderabad

Date: 28.08.2009

**DIRECTORS' REPORT**

To
The Members of
ORTIN LABORATORIES LIMITED

Your Directors have pleasure in presenting the 22nd Annual Report together with audited accounts of the Company for the year ended on March 31, 2009.

FINANCIAL RESULTS:

	Rupees in lakhs	
	<u>2007-08</u>	<u>2008-09</u>
Income	2,917.33	2,981.76
Gross Expenditure	2,739.73	2,831.63
Gross Profit before interest and depreciation	177.60	150.13
Interest	9.91	37.44
Depreciation	18.52	19.36
Profit before Taxation	149.17	93.33
Provision for Taxation	52.05	31.10
Profit after Tax	97.12	62.23
Dividend	29.36	29.36
Dividend Tax	4.99	4.99
E.P.S (in Rs.)	2.65	1.70

OPERATIONS:

During the year the company has made a turnover of Rs.2,981.76 lacs including other income of Rs.12.02 lakhs and a net profit of Rs.62.23 lacs against the turnover of Rs.2,917.33 lakhs including other income of Rs.9.57 lakhs and net profit of Rs. 97.12 in the previous year.

SUBSIDY FROM SIDBI:

During the year under review, the company has received a sum of Rs. 5,22,000 from SIDBI as subsidy under CLSI Scheme. The said amount has been accounted for in the Gross Block of Plant and Machinery.

DIVIDEND:

Your Directors recommended for consideration of shareholders at the ensuing Annual General Meeting Payment of Dividend @ 8% i.e on the equity shares of Rs.10 each @ Rs.0.80 Paise per equity share for the year ending 31.03.2009.



PUBLIC DEPOSITS:

The Company has not accepted any deposits falling with the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

PAID UP CAPITAL OF THE COMPANY:

The paid up capital of the company stands at Rs. 3,67,04,000 divided in to 36,70,400 equity shares of Rs.10/- each.

DIRECTORS:

Mr. M. Tippayya, Director is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.

Your Board recommends for the re-appointment of above said Director in the best interests of the company.

Mr. V. Appalacharya and Mr. K. V. Ramana Murthy, Directors of the company have passed away, during the year. The Board places its deep condolences to the families of Mr. V. Appalacharya and Mr. Ramana Murthy and also records its sincere appreciation for the valuable services rendered by them during their tenure as directors on the Board of the company.

Mr. G. Sreenivasulu Gupta was appointed as additional director on the board of the company w.e.f. 31.07.2009.

CODE OF CONDUCT:

The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given in **Annexure**.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Sec.217 (2AA) of the Companies Act, 1956 the Board of Directors of your Company hereby certifies and confirms that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the Annual accounts on a going concern basis.



REPORT ON CORPORATE GOVERNANCE:

A note on corporate governance is enclosed.

AUDITORS:

M/S Mathesh & Ramana., Chartered Accountants, Hyderabad, will retire as Auditors of the Company at the ensuing Annual General Meeting and being eligible have expressed their willingness to be reappointed as statutory auditors of the company to hold office until the conclusion of the next Annual General Meeting of the company.

FIXED DEPOSITS:

Your company has not accepted any deposits from the public during the year under review.

INDUSTRIAL RELATIONS:

Industrial relations during the year under review continued to be cordial.

PARTICULARS OF EMPLOYEES:

There are no employees covered by the company (disclosure of particular in the report of directors) rules 1988 and particulars of employees under section 217(1) (a) of the Companies Act 1956.

CONSERVATION OF ENERGY:

The information required under section 217(1)(a) of the companies Act 1956, with the companies (disclosure of particular in the report of directors) rules 1988 with respective matters is also appended here to and forms part of the report.

ACKNOWLEDGEMENTS:

Your Directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your Directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

//For and on behalf of the Board//

For ORTIN LABORATORIES LIMITED

Sd/-

S. Murali Krishna Murthy
MANAGING DIRECTOR

Sd/-

S. Mohan Krishna Murthy
Director

Place: Hyderabad

Date: 28-08-2009



DECLARATION by Managing Director of affirmation by Directors and senior Management personnel of compliance with the code of conduct.

**To
The Shareholders,**

I, S. Murali Krishna Murthy, Managing Director of the company do hereby declare that the Directors and Senior Management of the company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

//For and on behalf of the Board//
For ORTIN LABORATORIES LIMITED

Sd/-

**Place: Hyderabad
Date: 28-08-2009**

**S. Murali Krishna Murthy
MANAGING DIRECTOR**



MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Market Scenario:**

A recent study of the global pharma market by region clearly indicates the growing importance of the international (Non-US/ North America) markets in the industry. Out of the approximately USD 773 billion global market in 2008, around USD 461 billion of sales came from the Non-North American regions. The global market is expected to grow at a CAGR of 3-6% over 2008-2013 and North America is expected to experience negative growth or a maximum of 2% growth. In regions like Asia, Africa, Australia and Latin American which are expected to grow at a CAGR of 11-14% in this period. (Source: IMS Health Market Prognosis).

Pharmaceutical growth continued to be driven by increased longevity, strong economic performances throughout OECD countries and emerging markets and innovative new markets. Thus there has been a visible shift in growth from mature to emerging markets and from primary care classes to biotech and specialist driven therapies. This trend reflects the changing balance between new and old products, and the growing 'genericization' of many primary care categories.

Compared to single digit growth in the global market, India showed an outstanding growth because of new introductions and price/volume growth of the older products showed positive trends. As rural incomes continue to increase, the consciousness towards better health and prevention of avoidable ill-health has made them to spend reasonable amounts on the medicines without postponing.

Financial performance and operational performance:

During the year the company has made a turnover of Rs. 2,981.76 lacs including other income of Rs. 12.02 lakhs and a net profit of Rs. 62.23 lacs against the turnover of Rs. 2,917.33 lakhs including other income of Rs. 9.57 lakhs and net profit of Rs. 97.12 lakhs in the previous year.

During the year, the company has exported medicines to African country, namely Kenya. Further the company has initiated measures to export medicines to Uganda. In the process company has updated the manufacturing facility located at Pashamayalaram in order to meet the specifications given by National Drug Authority, Uganda. The final registration with Uganda authorities is under process. It facilitates the company to export medicines to Uganda on receipt of the approval from Uganda. For this purpose, we are also in the process of increasing our product basket.

Outlook:

We continue to rely upon our strengths viz wide portfolio of specialty prescription products and strong product promotion skills to execute our international plans while we slowly



gain expertise on handling tender/government business in each of the countries we are present in. Going forward, we will strongly focus on African countries. By rapidly expanding our product offering and building a sizeable sales force, we intend to significantly improve our prescription/ market share.

Internal control systems:

Effective governance consists of competitive management, implementation of standard policies and processes, maintenance of an appropriate audit program and internal control environment and effective risk monitoring and management information systems.

The company has audit systems in place. Auditors have access to all records and information of the Company. The Board and the management periodically review the findings and recommendations of the auditors and take necessary corrective actions wherever necessary. The Board recognizes the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company.

The Company maintains a system of internal controls designed to provide reasonable assurance regarding the achievement of objectives in following categories:

- Effectiveness and efficiency of operations;
- Adequacy of safeguards for assets;
- Reliability of financial controls, and
- Compliance with applicable laws and regulations

The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, careful selection, training and development of employees, and an organization structure that segregates responsibilities.

The company has got ISO 9001- 2000 certification for the quality standards from M/s National Quality Assurance, UK and they are conducting regular audit in the company to ensure that the company continues to maintain quality standard system.

Human Resources:

During the year under review the company has taken several HR initiatives to train and develop talent pool. The company has also taken up a root cause analysis on bringing down the attrition rates. In order to improve the performance of management and to scale up the business operations, the company has recruited experienced personnel at senior level apart from strengthening other departments with competent people.

**ANNEXURES TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31.03.2009****ANNEXURE - I**

Information under section 217(1) (e) of the companies Act, 1956 read with companies (disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors report.

A. CONVERSION OF ENERGY:

- a) Energy Conversion Measures taken : YES
Capacitors were installed as per norms
- b) Additional investment and proposals, if any
being implemented for reduction of consumption of energy : NIL
- c) Impact of the measures at (a) (b) above for deduction
Calibration of machines at regular intervals as a result : YES
The power consumption was regularized
- d) Total energy consumption and energy
Consumption per unit of production : NIL

B. TECHNOLOGY ABSORPTION:

- e) Efforts made in technology absorption as per Form-B : NIL

C. FOREIGN EXCHANGE EARNINGS & OUT GO:

- f) Activities relating to exports, initiatives taken to increase : Explained in
Exports, development of new markets for products and Management
Services and export plans Discussion and
Analysis Report
- g) Total Foreign Exchange used and earned : 17.14 lakhs

//For and on behalf of the board//

For ORTIN LABORATORIES LIMITED

Sd/-

S. Murali Krishna Murthy
MANAGING DIRECTOR

Place: Hyderabad

Date: 28.08.2009

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY:**

The Board of Directors of the company believes in and fully supports the principles of Corporate Governance. While striving to achieve the financial targets, the company seeks to follow the business principles and ethics and in all its dealings. The company has been regularly implementing the best practices of corporate governance in order to attain total transparency, accountability and integrity.

2. BOARD OF DIRECTORS AND DETAILS OF MEETINGS:

During the Financial Year 2008-2009, the Board of Directors met 5 times on the following dates:

25.04.2008, 25.07.2008, 28.08.2008, 30.10.2008 and 31.01.2009.

The Attendance of Directors at these Board Meetings and at the previous Annual General Meeting was under:

Name of the Director	Category	No of Board Meetings attended	Attendance at the last AGM	No. of out side directorships held
S.Murali Krishna Murthy	Managing Director	5	YES	NIL
S.Mohan Krishna Murthy	Executive Director	5	YES	NIL
S. Srinivas Kumar	Executive Director	5	YES	NIL
S. Balaji Venkateswarlu	Executive Director	5	YES	NIL
K.V.Ramana Murthy	Independent Non-Exe. Director	5	YES	NIL
J.R.K.Panduranga Rao	Independent Non-Exe. Director	5	YES	NIL
M. Tippayya	Independent Non-Exe. Director	4	YES	NIL
D.Hanumantha Rao	Independent Non-Exe. Director	2	NIL	NIL
V. Applacharya	Independent Non executive Director	3	NIL	NIL

3. REMUNERATION TO DIRECTORS:

The details of remuneration paid /payable to all the Directors for the year 2008-2009 are:

- i) Non Executive Directors (sitting fees only) Nil
- ii) Managing/Whole time Director (No sitting fee)

	Salary (Rs.)
Sri S. Murali Krishna Murthy	6,89,997
Sri S. Mohan Krishna Murthy	6,89,997
Sri S. Balaji Venkateswarlu	6,89,997
Sri S. Srinivas Kumar	<u>6,89,997</u>
Total	<u>27,59,988</u>

4. AUDIT COMMITTEE:

Terms of Reference of Audit Committee of the Board of Directors are as under:

- 1) Review of the Company's financial reporting process, and its financial statements.
- 2) Review of accounting and financial policies and practices.
- 3) Review of the internal control and internal audit system.
- 4) Review if risk management and policies and practices.

Composition, Name of Members and Chairman:

1. * Sri K. V. Ramana Murthy
2. ** Sri G. Sreenivasulu Guptha
3. Sri J. R. K. Panduranga Rao
4. Sri D. Hanumantha Rao
5. Sri S. Srinivas Kumar

* Expired on 17.07.2009.

** Appointed w.e.f 31.07.2009

And Statutory Auditors are invitees to the meeting. The total number of meetings held during the year are 4 as mentioned – 25.04.2008, 25.07.2008, 30.10.2008 and 31.01.2009

5. REMUNERATION AND COMPENSATION COMMITTEE:

The committee was constituted with the following Directors for determining the remuneration packages of Executive / Non-Executive Directors apart from monitoring implementation of ESOP schemes. The committee met once during the year.

1. * Sri K. V. Ramana Murthy
2. Sri J. R. K. Panduranga Rao
3. Sri D. Hanumantha Rao
4. ** Sri G. Sreenivasulu Guptha

* Expired on 17.07.2009

** Appointed w.e.f. 31.07.2009



6. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Shareholders/Investors Grievance Committee was formed by the Board of Directors in terms of clause 49 of the Listing Agreement.

The Shareholders/Investors Grievance Committee was constituted with the following persons:

1. Mr. S. Mohan Krishna Murthy
2. Mr. S.Murali Krishna Murthy
3. * Mr. K.V.Ramana Murthy
4. **Mr. G. Sreenivasulu Gupta

* Expired on 17.07.2009

** Appointed w.e.f 31.07.2009

Mr. S. Murali Krishna Murthy is the compliance officer of the company. The committee looks into the matters relating to the shareholder's complaints, grievances, various requests in the nature of transfer, transmission, etc., and also overseeing the performance of the Registrar & Transfer agents to improve the quality of investor services.

7. DISCLOSURES:

The company complied with all the regulations of the Stock Exchanges, Securities and Exchange Board of India and other statutory bodies regulating the capital markets. No stretchers or penalties were imposed on the company. Other transactions are adequately disclosed in the notes to Annual Accounts.

A) **Disclosure on Materially significant related party transactions:**

The company does not have any related party transactions except as disclosed in notes on accounts, which may have potential conflict with the interest of the company. The register of contracts containing transactions in which Directors are interested is placed before the board.

B) **Case of Non- Compliances / penalties**

There has been no instance of non-compliance by the Company related to capital markets. Hence, the questions of imposition of penalties or strictures by SEBI or the Stock Exchanges are not applicable.

C) **Risk Management**

The company has been addressing various risks impacting the company.

D) **Whistle Blower Policy**

The company has framed suitable policies and systems for the Whistle Blower Policy.



E) Compliance with mandatory requirements and adoption of non mandatory requirements of Clause 49

Certifications from M/s MATHESH & RAMANA, Auditors of the company Sri S. MURALI KRISHNA MURTHY Chairman and Managing Director and Sri S. SRINIVAS KUMAR, Whole Time Director are confirming compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement, are annexed.

The company has constituted Remuneration committee. A detailed note on compensation/ remuneration is provided elsewhere in the report.

8. INFORMATION ON GENERAL BODY MEETINGS:

The last 3 Annual General Meetings were held as under:

AGM for the financial year ended	Location of holding AGM	Date and Time of AGM
2007-2008	At the Registered office	30 th day of September, 2008 at 11.00 A.M.
2006-2007	At the Registered office	29 th day of September, 2007 at 11-00A.M
2005-2006	At the Registered office	30 th day of September, 2006 at 11-00A.M

9. POSTAL BALLOT:

No special Resolutions were required to be put through postal ballot last year.

10. MEANS OF COMMUNICATION:

Quarterly, Half-yearly and Annual Results of the company are communicated to the Stock Exchanges immediately after the same are considered by the Board and are published in English and Telugu newspapers. The Management Discussion and Analysis (MD & A) is a part of the annual report.

11. GENERAL SHAREHOLDER INFORMATION:

- i) Annual General Meeting
 Date : 30th September, 2009
 Time : 11.30 A. M
 Venue : Flat No.502, Palem Towers, Barkatpura, Hyderabad-500 027,
 Andhra Pradesh, India



ii) **Financial Calendar:**

The financial year covers the period from 1st April 2009 to 31st March 2010:

Financial Reporting for 2009-10 (tentative):

The First Quarter Results –	On / before 31.07.2009
The Second Quarter Results –	On / before 31.10.2009
The Third Quarter Results –	On / before 31.01.2010
The Last Quarter Results –	On / before 30.04.2010

iii) **Book Closure:** 25th September 2009 to 30th September 2009 (both days inclusive).

iv) **Dividend payment:** on or before 30.10.2009

v) **Listing on Stock Exchanges:**

Shares of the Company are listed on the following Stock Exchanges.

S.No	Name of the Stock Exchange	Address
1.	Madras Stock Exchange Limited	Chennai
2.	Bombay Stock Exchange Limited	Mumbai

The Company has paid Annual Listing Fees for the year 2007-2008 and also for 2008-2009.

vi) **Demat ISIN No. for CDSL and NSDL:** INE 749B01012

vii) **Dematerialization of shares:**

The Company's shares are dematerialized on National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited.

viii) **Registrars and Transfer Agents:**

Sathiguru Management Consultants,
No.15, Hindi Nagar, Panjagutta,
Hyderabad - 500 034.
Andhra Pradesh, India

ix) **Share Transfer system:**

The Share Transfer Committee approves transfer of shares in physical mode. The Company's RTA transfers the shares within 30 days of receipt of request. Dematerialization is done within 20 days of receipt of request along with the shares through the Depository participant of the shareholders.



x) **Delegation of Share Transfer Formalities:**

The Board has delegated share transfer formalities to the Registrars and Transfer Agents:

M/s Sathguru Management Consultants,

No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034, Andhra Pradesh, India

All communications regarding Share Transfers, Transmissions Change in Address and any other correspondence etc., may be addressed to the Registrars & Transfer Agents.

Share transfers are registered within a period of 30days from the date of receipt, if the documents are in order in all respects.

xi) **Address for Correspondence:**

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company.

Flat No. 502, Palem Towers,

Barkatpura, Hyderabad - 500 027

Andhra Pradesh, India

xii) **Dividend declared in earlier years:**

The company has paid dividend of 8% on equity capital for the financial year 2007-08 as against proposed dividend of 8% during the financial year 2008 - 2009.

xiii) **Trading of company's Share on Stock Exchange, Bombay:**

Month	High (Rs.)	Low (Rs.)
April, 2008	22.70	13.85
May, 2008	24.95	18.10
June, 2008	20.10	14.95
July, 2008	17.83	13.66
August, 2008	18.40	15.40
September, 2008	17.80	15.00
October, 2008	16.90	10.05
November, 2008	14.62	12.00
December, 2008	13.19	10.75
January, 2009	13.77	9.67
February, 2009	13.20	9.00
March, 2009	11.15	8.51

**PATTERN OF SHAREHOLDING AS ON 31.03.2009 (PHYSICAL & DEPOSITORY)**

Description	No.Of Shareholders	No. of shares	%
A. Promoters Individuals	14	1556144	42.40
B. Non-Promoters Indian Public	882	953239	25.97
FIIS/ NRIs/OCB	5	478100	13.03
Financial Institutions and Banks	—	—	—
Mutual Funds	—	—	—
Bodies corporate	46	682917	18.60
TOTAL	947	3670400	100.00



AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

The company has obtained a certificate from the Auditors of the Company regarding compliances of conditions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges. The said Corporate Governance is as under:

AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of Ortin Laboratories Limited

We have examined the compliance of conditions of Corporate Governance by Ortin Laboratories Limited, ('The Company'), for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For MATHESH & RAMANA
CHARTERED ACCOUNTANTS**

Sd/-

**B. V. RAMANA REDDY
PARTNER
MEMBERSHIP No.026967**

Place : Hyderabad
Dated : 28-08-2009



AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow statement of **ORTIN LABORATORIES LIMITED**, Hyderabad for the period ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Bombay Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by report of 28th August, 2009 to the members of the Company.

For MATHESH & RAMANA
CHARTERED ACCOUNTANTS

Sd/-

B. V. RAMANA REDDY
PARTNER
MEMBERSHIP No.026967

PLACE: HYDERABAD
DATED: 28-08-2009

**AUDITORS' REPORT**

To the members of

ORTIN LABORATORIES LIMITED

1. We have audited the attached Balance Sheet of **ORTIN LABORATORIES LIMITED**, as at 31st March, 2009 the Profit and Loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) order, 2003, as amended by Companies (Auditor's Report)(Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order, to extent applicable to the Company.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books
 - (iii) The Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of Companies Act, 1956, except the accounting standard 15 on accounting for retirement benefits in the financial statements of the employers and the impact of non compliance with the standard could not be quantified due to non availability of relevant information.
 - (v) On the basis of written representations received from the Directors, as on 28th August, 2009 and taken on record by the Board of Directors, we report



ORTIN LABORATORIES LIMITED

that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto and read with paragraph (iv) above given in the prescribed manner the information required by the Companies Act, 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India;
- (a) in the case of Balance sheet, of the state of affairs of the company, as at 31st March, 2009.
 - (b) in the case of the Profit and Loss account, of the profit, for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows, for the year ended on that date.

For MATHESH & RAMANA
CHARTERED ACCOUNTANTS

Sd/-

B. V. RAMANA REDDY
PARTNER

MEMBERSHIP No.026967

PLACE: HYDERABAD

DATED: 28-08-2009

ANNEXURE TO AUDIT REPORT**Re: ORTIN LABORATORIES LIMITED**

Referred to in Paragraph 3 of our Report of even date.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a major part of the plant and machinery.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company had taken loans from the parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved was Rs.50,000/- and the year end balance of the loan taken from such party was NIL.
- (b) The company has granted loan amounting to Rs.10,11,000/- to one company covered in the register maintained under section 301 of the Companies Act, 1956, out of which Rs.9,00,000/- was recovered during the year.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken/granted from the parties listed in the register maintained under section 301 of the Companies Act are not, *prima facie*, prejudicial to the interest of the company.
- (d) The company is regular in repaying/recovering the principal amounts as stipulated and has been regular in the payment/receiving of interest.
- (e) There were no overdue amounts of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the



company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, ESI, Income Tax, Sales Tax, Excise Duty and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax and Excise Duty were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of Sales Tax, Income Tax and Excise Duty which have not been deposited on account of any dispute.
- (x) In our opinion, the company did not have the accumulated loss as on 31st March, 2009. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a Financial Institution and Banks.



- (xii) We are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence no need to maintain the said records.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion, the company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not raised any fresh share capital by way of public issue or by any other mode during the financial year. Hence, the question of preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act does not arise.
- (xix) According to the information and explanations given to us, the company has not issued any debentures in the history of the company. Hence the creation of securities does not arise.
- (xx) During the year the company has not raised money by way of public issues, hence the verification of end use of money does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For MATHESH & RAMANA
CHARTERED ACCOUNTANTS

Sd/-

B. V. RAMANA REDDY
PARTNER

PLACE: HYDERABAD
DATED: 28-08-2009

MEMBERSHIP No.026967



ORTIN LABORATORIES LIMITED

BALANCE SHEET AS ON 31st MARCH, 2009

PARTICULARS	SCHEDULE REFERENCE	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SOURCE OF FUNDS:			
SHAREHOLDERS' FUNDS:			
Share Capital	A	36,704,000	36,704,000
RESERVES & SURPLUS:	B		
Reserves		15,110,000	15,110,000
Profit & Loss Account		13,738,315	10,949,886
LOAN FUNDS:	C		
Secured Loans		57,395,657	41,588,737
Unsecured Loans		1,115,966	1,132,430
DEFERRED TAX LIABILITY	D	2,930,097	2,816,852
TOTAL		126,994,035	108,301,905
APPLICATION OF FUNDS:			
FIXED ASSETS:	E		
Gross Block		44,322,726	41,307,804
Accumulated Depreciation		13,377,149	11,757,365
Net Block		30,945,577	29,550,439
INVESTMENTS	F	26,343	126,343
NET CURRENT ASSETS:			
Current Assets	G	115,066,502	126,039,704
Current Liabilities	H	21,918,324	51,246,518
Net Current Assets		93,148,178	74,793,186
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	I	2,873,937	3,831,937
TOTAL		126,994,035	108,301,905
NOTES ON ACCOUNTS	O	-	-

Schedule A to I and O from an internal part of the Balance Sheet.

As per our report of even date annexed.

For Mathesh & Ramana
Chartered Accountants

Sd/-

B. V. RAMANA REDDY

Partner

M. No. 026967

Place: Hyderabad

Date: 28/08/2009

For and on behalf of the Board.

For Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy

Managing Director

Sd/-

S. Mohan Krishna Murthy

Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

PARTICULARS	SCHEDULE REFERENCE	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
A. INCOME:			
Net sales	J	297,492,108	292,840,065
Less: Excise Duty		517,482	2,064,646
		296,974,626	290,775,419
Other income	K	1,201,751	957,086
		298,176,377	291,732,505
B. EXPENDITURE:			
Material consumption	L	253,180,290	243,924,995
Manufacturing expenses.	M	2,042,180	1,638,605
Administrative, selling and Finance Expenses	N	30,726,113	28,441,400
Depreciation	E	1,936,148	1,852,139
Misc. Expenses written off	I	958,000	958,000
		288,842,731	276,815,139
Profit for the year before tax		9,333,646	14,917,366
Less: Tax expense:			
Current Tax		2,811,508	5,051,753
Fringe Benefit Tax		185,116	152,708
Dividend Tax		499,028	499,028
Deferred Tax		113,245	-
Profit after tax for the year		5,724,749	9,213,877
Less: Proposed Dividend		2,936,320	2,936,320
Net Profit c/d to Balance Sheet		2,788,429	6,277,557
Notes on Accounts	O		
Earnings per Share-Basic & Diluted		1.70	2.65

Schedule I to O and E from an internal part of the Profit and Loss Account

As per our report of even date annexed.

For Mathesh & Ramana
Chartered Accountants

Sd/-

B. V. RAMANA REDDY

Partner

M. No. 026967

Place: Hyderabad

Date: 28/08/2009

For and on behalf of the Board.

For Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy

Managing Director

Sd/-

S. Mohan Krishna Murthy

Director



ORTIN LABORATORIES LIMITED

SCHEDULE FORMING PART OF ACCOUNTS

PARTICULARS	As at	As at
	31-03-2009	31-03-2008
	Rs.	Rs.
SCHEDULE - A:		
SHAREHOLDERS FUNDS:		
AUTHORISED CAPITAL:		
85,00,000 equity shares of Rs. 10/- each.	85,000,000	85,000,000
ISSUED:		
54,58,000 equity shares of Rs. 10/- each.	54,580,000	54,580,000
SUBSCRIBED & PAID UP:		
36,70,400 equity shares of Rs. 10/- each.	36,704,000	36,704,000
TOTAL	36,704,000	36,704,000
SCHEDULE - B:		
RESERVES & SURPLUS:		
Share premium.	8,650,000	8,650,000
Capital reserve.	2,122,500	2,122,500
Share forfeiture reserve.	4,337,500	4,337,500
	15,110,000	15,110,000
PROFIT AND LOSS ACCOUNT:		
Opening balance.	10,949,886	4,672,329
Add: Profit for the year.	2,788,429	6,277,557
TOTAL	13,738,315	10,949,886
SCHEDULE - C:		
SECURED LOANS:		
<i>Term Loan (PITL 1401)</i>	1,569,153	2,695,886
<i>Term Loan (PITL 1020)</i>	1,701,791	-
(Term loans from Karnataka Bank Ltd., secured by hypothecation of Plant & Machinery and other Fixed Assets and second charge on Current Assets, further secured by personal guarantee of the directors)		
Cash Credit	53,427,484	38,304,673
(Cash credit from Karnataka Bank Ltd., is secured by present and future raw materials, semi-finished goods, finished goods, stores and secured second charge on fixed assets further secured personal guarantee of Directors)		
<i>Vehicle Loan: Tempo XL</i>	-	70,410
<i>Vehicle loan: Car</i>	-	101,985
<i>Vehicle loan: TVS XL</i>	-	23,671
<i>Vehicle loan: Swaraj Mazda</i>	251,587	392,112
<i>Vehicle loan: Santro</i>	445,642	-
TOTAL	57,395,657	41,588,737
UNSECURED LOANS:		
Loans from directors	-	82,250
Interest free Sales Tax Loan from Govt. of Andhra Pradesh	1,115,966	1,050,180
TOTAL	1,115,966	1,132,430
SCHEDULE - D:		
DEFERRED TAX LIABILITY		
Opening Balance	2,816,852	2,893,228
Add: For the year	113,245	(76,376)
	2,930,097	2,816,852

SCHEDULE FORMING PART OF ACCOUNTS
SCHEDULE - E: FIXED ASSETS

S. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost as on 01/04/2008 Rs.	Additions Rs.	Deletions Rs.	Cost as on 31-03-2009 Rs.	Upto 01/04/2008 Rs.	For the Year Rs.	Deletions Rs.	Upto 31-03-2009 Rs.	As on 31-03-2009 Rs.	As on 31-03-2008 Rs.
1	Land.	4,131,615	-	-	4,131,615	-	-	-	-	4,131,615	4,131,615
2	Factory building.	13,123,938	887,657	-	14,011,595	2,359,281	452,960	2,812,241	2,812,241	11,199,354	10,764,657
3	Administrative building.	828,135	-	-	828,135	161,752	13,499	175,251	175,251	652,884	666,383
4	Plant & machinery	11,035,314	2,012,843	522,000	12,526,157	4,579,625	541,721	5,121,346	5,121,346	7,404,811	6,455,689
5	Testing equipment.	727,606	55,001	-	782,607	219,858	36,866	256,724	256,724	525,883	507,748
6	Furniture & fixtures.	1,969,393	12,878	-	1,982,271	1,020,996	124,946	1,145,942	1,145,942	836,329	948,397
7	Electrical fittings	1,402,468	-	-	1,402,468	505,839	66,617	572,456	572,456	830,012	896,629
8	Vehicles.	3,424,864	802,161	429,696	3,797,329	1,408,597	350,725	316,364	1,442,958	2,354,371	2,016,267
9	Other assets.	1,914,765	87,228	-	2,001,993	387,774	92,411	480,185	480,185	1,521,808	1,526,991
10	Computer.	1,058,300	21,350	-	1,079,650	766,652	174,623	941,275	941,275	138,375	291,648
11	Modixerox.	112,320	65,000	-	177,320	9,173	6,393	15,566	15,566	161,754	103,147
12	Generator Set	311,800	-	-	311,800	190,674	14,811	205,485	205,485	106,316	121,126
13	Air conditioner.	1,267,266	22,500	-	1,289,766	147,144	60,577	207,721	207,721	1,082,065	1,120,142
TOTAL		41,307,804	3,966,618	951,696	44,322,726	11,757,365	1,936,148	316,364	13,377,149	30,945,577	29,550,439
PREVIOUS YEAR		42,352,614	1,066,071	2,110,881	41,307,804	9,943,226	1,852,139	38,000	11,757,365	29,550,439	32,409,388



SCHEDULE FORMING PART OF ACCOUNTS

PARTICULARS	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE - F:		
INVESTMENTS:		
Welcure Drugs 300 equity shares of Rs. 10/-	3,000	3,000
Karnataka Bank Ltd 1000 equity shares	18,343	18,343
Srinidhi Infin Ltd, 1000 equity share of Rs 100/- each	-	100,000
Manikanta Bank, 100 equity shares of Rs. 50/- each	5,000	5,000
TOTAL	26,343	126,343
SCHEDULE - G:		
CURRENT ASSETS, LOANS & ADVANCES:		
CURRENT ASSETS:		
Closing Stock: Raw material.	4,253,082	2,154,185
Finished goods.	3,481,018	1,554,915
Sundry Debtors more than 6 months	16,547,310	4,958,989
Sundry Debtors less than 6 months	43,968,443	89,138,738
(Unsecured considered good for which the company holds no security other than debtors personal security)		
Cash on hand.	293,378	388,383
Cash at banks.	37,139,171	411,531
LOANS, ADVANCES & DEPOSITS:		
Modavat & excise duty	10,827	31,331
Deposits	1,970,845	23,544,017.
Advances & Deposits	718,819	510,600
Advance tax.	2,700,000	1,615,000
T.D.S.	49,860	33,668
Sales tax advances.	3,100	233,977
Other Deposits	139,560	103,110
Prepaid insurance	47,131	71,783
Advance for Land	3,500,000	1,000,000
Interest receivable.	117,838	139,528
Advance Tax FBT	126,120	18,530
VAT input Credit Receivable	-	131,419
TOTAL	115,066,502	126,039,704



SCHEDULE FORMING PART OF ACCOUNTS

PARTICULARS	As at	As at
	31-03-2009	31-03-2008
	Rs.	Rs.
SCHEDULE - H:		
CURRENT LIABILITIES & PROVISIONS:		
Provision for income tax.	2,811,508	5,051,753
Fringe Benefit Tax	185,116	152,708
Dividend tax	499,028	499,028
Proposed Dividend	2,936,320	2,936,320
Creditors for supplies.	13,252,735	41,629,270
Out Standing expenses.	2,011,617	705,439
Dealers Deposit	222,000	272,000
TOTAL	21,918,324	51,246,518
SCHEDULE - I:		
MISCELLANEOUS EXPENDITURE:		
Public issue expenses.	3,831,937	4,789,937
Less: Written off	958,000	958,000
TOTAL	2,873,937	3,831,937
SCHEDULE - J:		
NET SALES:		
Sales	299,411,791	294,189,569
Less: Returns.	1,919,683	1,349,504
TOTAL	297,492,108	292,840,065
SCHEDULE - K:		
MISCELLANEOUS INCOME:		
Interest.	214,112	165,769
Dividends.	5,000	9,800
Commission	-	7,101
Miscellaneous income.	982,639	289,766
Long Term Capital Gain on Shares	-	408,274
Deferred Tax Income	-	76,376
TOTAL	1,201,751	957,086
SCHEDULE - L:		
MATERIALS CONSUMPTION:		
Opening stock.	2,154,185	5,372,708
Add: Purchases.	257,406,760	237,136,843
Less: Returns.	201,470	318,070
	259,359,475	242,191,481
Less: Closing stock	4,253,082	2,154,185
	255,106,393	240,037,296
Add: Opening stock of Finished Goods	1,554,915	5,442,614
Less: Closing stock of Finished Goods	3,481,018	1,554,915
Consumption for the year	253,180,290	243,924,995



SCHEDULE FORMING PART OF ACCOUNTS

PARTICULARS	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE - M:		
MANUFACTURING EXPENSES:		
Electricity charges	335,263	311,488
Carriage inwards	762,571	725,499
Analytical charges	223,326	78,526
Water expenses	36,995	26,989
Factory Maintenance	231,732	84,320
Wages	452,293	411,783
TOTAL	2,042,180	1,638,605
SCHEDULE - N:		
ADMINISTRATIVE, SELLING & FINANCE EXPENSES:		
Salaries	3,508,798	2,621,973
Staff welfare	193,210	99,222
Rent	535,473	344,700
Printing & Stationery	498,445	480,456
Electricity charges	122,313	101,778
Postage & Courier	1,075,824	738,372
Telephone	384,363	379,388
Conveyance	368,785	352,609
Sales Tax	6,974,459	9,218,144
Breakage	5,127	23,805
Bank charges	306,129	402,594
Carriage outwards	998,402	935,603
General expenses	337,136	389,371
Consultancy charges	361,740	1,103,141
Marketing promotion	166,091	54,930
Vehicle maintenance	638,507	628,685
Travelling expenses	1,287,841	1,374,315
Interest	3,744,246	990,399
Doctor's samples	18,266	56,762
Repairs & Replacements	783,338	979,502
Advertisement	109,990	174,710
Listing Fee	4,495	6,300
Directors remuneration	2,759,988	1,608,750
Business promotion	695,991	546,337
ROC Fee	37,007	180,357
Commission	188,498	525,142
Licences & Taxes	313,415	195,404
SUB TOTAL	26,417,877	24,512,749

SCHEDULE FORMING PART OF ACCOUNTS

PARTICULARS	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
Audit fee.	50,000	50,000
Tax audit fee.	15,000	15,000
Tax consultancy fee.	20,000	20,000
Insurance.	140,920	88,336
Discount.	1,157,330	2,085,644
Maintenance charges.	145,327	96,110
Subscriptions & Membership fee.	41,733	43,085
E.S.I. Contribution	69,966	74,816
Provident fund.	497,790	330,042
Professional Tax	35,000	-
Property tax	30,672	29,586
Depository transfer charges	35,707	27,802
Annual fee for D.Mat	999	8,989
Services charges	-	16,186
ICICI Knowledge park Maintenance	204,005	-
Security charges	95,927	87,950
Annual Maintenance contract	80,703	68,889
Computer maintenance	348,015	438,117
Rate differences	-	93,957
Mumbai Office Maintenance	855,000	-
Tender forms	35,674	41,989
Rates & Taxes.	21,080	40,370
Service Tax	86,434	55,229
Books & Periodicals.	2,360	3,045
Loss on Sale of Assets	63,332	2,000
Bonus	139,569	116,456
Sitting Fee	19,605	9,500
Internet Charges	18,630	32,801
Income Tax	61,213	27,352
Loss on Foreign Exchange transactions	14,713	-
Fringe Benefit Tax	6,532	10,400
ISO Audit fee	15,000	15,000
TOTAL	30,726,113	28,441,400



SCHEDULE - O

NOTES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

I. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Accounting:

The Company follows the Mercantile System of Accounting. The accounts are prepared on historical cost basis and as a going concern. Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting standards referred to in Section 211(3C) of the Companies Act 1956.

(b) Fixed Assets:

Fixed assets are stated at cost less depreciation. All costs (excluding CENVAT, VAT and SUBSIDY), including financing costs till commencement of commercial production and adjustments arising from exchange rate variations relating to borrowings attributable to the fixed assets are capitalized.

(c) Depreciation:

The Company has provided depreciation for all the assets using straight line method at the rates specified in the Schedule XIV of the Companies Act, 1956.

(d) Inventories:

Inventories have been taken as valued and certified by the Management. The basis of valuation is as under:

Raw materials, Stores & Spares - at cost or market price whichever is lower.

Finished goods – at lower of cost or market value on FIFO basis.

(e) Retirement benefits:

(i) Company's contribution to provident fund is charged to Profit & Loss Account.

(ii) No provisions have been made in accounts for the future payment of gratuity to the employees of the Company, Pursuant to the payment of Gratuity Act, 1972. The same being accounted as and when it is paid.

(f) Revenue recognition:

i) Sale is recognized on dispatch of products and is inclusive of Excise Duty, Sales Tax and Packing & Forwarding charges.

ii) Interest income is recognized on accrual basis.

iii) Dividend income is recognized as and when the right to receive the amount is established.

g) Investments

Quoted and un-quoted Investments are valued at cost.

h) R&D Expenditure

- a. Capital expenditure is included in the fixed assets and depreciation as per Company's policy.
- b. Revenue expenditure is charged to Profit & Loss Account of the year in which they are incurred is included in the respective heads of expenditure.

i) Borrowing Costs

Borrowings costs that are directly attributable to the acquisition of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

j) Cash Flow Statement

The Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March, 2009 and the related Profit and Loss Account for the year ended on that date. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 on Cash Flow statement issued by ICAI.

k) Accounting for Taxes on Income

- a. **Current Tax:** Provision for Current Income Tax is made on the basis of the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.
- b. **Deferred Tax:** Deferred Income Tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws. Enacted or substantially enacted as of the Balance Sheet date.

l) Employee Stock Option Scheme

The company has not granted any Employee Stock Option Scheme.

m) Impairment of Assets

The Management assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment of an asset occurs where the carrying value exceeds the present value of cash flow expected to arise from the continuing use of the asset and its eventual disposal. The provision for impairment loss is made when recoverable amount of the asset is lower than the carrying amount.



n) Government Grants & Other Claims

Revenue grants including subsidy/rebates, refunds, claims etc., are credited to Profit & Loss Account under other income or deducted from the related expenses. Grants related to fixed assets are credited to Capital Reserves Account or adjusted in the cost of such assets as the case may be, as and when the ultimate realisability of such grants etc., are established/realized.

o) Miscellaneous Expenses

Preliminary expenses and expenditure in connection with issue of shares are being written off over a period of five years.

p) Provisions, Contingent Liabilities and Contingent Assets

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimate can be made of the amount of obligations and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but if material, are disclosed in the notes to accounts. Contingent assets are not recognized or disclosed in the financial statements.

2. SECURED LOANS:

- a) Term Loans from Karnataka Bank Limited is secured by hypothecation of Plant & Machinery and other Fixed Assets and second charge on Current Assets of the Company and further secured by Personal Guarantee of Promoter Directors.
- b) Cash Credit from Karnataka Bank Limited is secured by present and future raw materials, semi finished goods, finished goods, stores and secured second charge on Fixed Assets of the Company and further secured by personal guarantee of promoter Directors.
- c) Vehicle Loans are secured by hypothecation of specified vehicles acquired.

3. RESEARCH & DEVELOPMENT EXPENSES:

During the year the company has incurred revenue expenditure pertaining to Research and Development of Rs.15,02,040/-. Revenue expenditure is shown under respective heads of expenditure. There is no capital expenditure on Research and Development.

4. EMPLOYEE STOCK OPTION SCHEME:

During the year the company has not issued any employee stock option scheme.

5. SALES TAX DEFERMENT:

The Sales Tax deferment liability amounting to Rs.11,15,966/- shown under Unsecured Loans due for repayment from the year 2019 onwards. The Government of Andhra Pradesh has granted Sales Tax Deferment for a period of 14 years.



6. FOREIGN EXCHANGE TRANSACTIONS:

		31 March 2009 In Rupees
a.	Value of imported KITs	9,66,037
b.	Expenditure in foreign currency on account of Registration of the company in Uganda for export of pharma products.	1,74,943
c.	Earnings in foreign currency FOB value of exports	5,73,287

7. MANAGERIAL REMUNERATION:

		31 March 2009 In Rupees
	Sri. S. MURALI KRISHNA MURTHY	6,89,997
	Sri. S. MOHAN KRISHNA MURTHY	6,89,997
	Sri. S. BALAJI VENKATESWARLU	6,89,997
	Sri. S. SRINIVAS KUMAR	6,89,997

The above figures do not include Sitting fee paid and provision for gratuity and leave encashment.

8. REMUNERATION TO AUDITORS:

		31 March 2009 In Rupees
	Audit fee	50,000
	Tax Audit Fee	15,000
	For Taxation and other matters	20,000
	Service Tax	8,755
	TOTAL	93,755

9. CONTINGENT LIABILITIES:

- a) There were no contingent liabilities as on 31st March, 2009 except as mentioned in point 24.
- b) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for – NIL.

**10. DEFERRED TAX:**

	31 March 2009 In Rupees
In Conformity with the Accounting Standard 22 on Accounting for Taxes on income issued by Institute of Chartered Accountants of India, during the year the Company has provided for the Net Deferred Tax Liability/ Assets in the books of account.	
Net Block as per Companies Act	3,09,45,577
Net Block as per Income Tax Act	2,14,63,063
Timing Difference	94,82,514
Net Tax Liability as on 31-03-2009	29,30,097
Less: Deferred Tax Liability as on 31-03-2008	28,16,852
Effect on Profit and Loss Account (Deferred Tax for the year)	1,13,245

Deferred tax liability represents timing differences in depreciation on fixed assets.

11. EARNINGS PER SHARE:**(A) BASIC EARNING PER SHARE**

i.	Number of equity shares outstanding at the beginning of the year.	36,70,400
ii.	Number of equity shares issued during the year.	NIL
iii.	Total number of equity shares outstanding at the end of the year. (used for denominator for calculating EPS)	36,70,400
iv.	Profit available to share holders.	62,23,777
v.	Basic Earning per Share. (face value Rs.10/-)	1.70

(B) DILUTED EARNING PER SHARE

i.	Number of equity shares outstanding as per Point No. iii above.	36,70,400
ii.	Weighted average number of potential equity shares outstanding	NIL
iii.	Weighted average number of shares outstanding (used for denominator for calculating EPS)	36,70,400
iv.	Profit available to share holders	62,23,777
v.	Basic Earning per Share (face value Rs. 10/-)	1.70

12. RELATED PARTY TRANSACTIONS:

Disclosure as required by Accounting Standard as 18: Related party disclosures issued by the Institute of Chartered Accountant of India (ICAI) is follows:

- (A) (i) Names of the transacting related parties.
SRI SAI KRISHNA MARKETING ASSOCIATES
- (ii) Description of the relationship between the parties.
Associate Firm.
- (iii) Description of the nature of transaction.
Sales and Purchases to/from associates firm in which Directors are interested.
- (iv) Volume of transaction:
Sales : Rs.53,39,157/-
Purchases : Rs.14,41,267/-
- The above transactions are not related to the products, which are manufactured at the company's production facilities and it is only a trading transaction.
- (v) Other elements of the related party transactions necessary for an understanding of the financial statements: NIL.
- (vi) The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date and provisions for doubtful debts due from such parties at that date: NIL.
- (B) (i) Names of the transacting related parties.
ORTIN BIOTECH PRIVATE LIMITED
- (ii) Description of the relationship between the parties.
Associate Company.
- (iii) Description of the nature of transaction.
Inter corporate Loan to associate Company in which Directors are interested.
- (iv) Volume of transaction:
Loan given : Rs.10,11,000/-
Loan recovered : Rs.9,00,000/-
- (v) Other elements of the related party transactions necessary for an understanding of the financial statements: NIL.
- (vi) The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date and provisions for doubtful debts due from such parties at that date: NIL.



(C) (i) Names of the transacting related parties.

S. BALAJI VENKATESWARLU

(ii) Description of the relationship between the parties.

Director of the Company.

(iii) Description of the nature of transaction.

Rent paid to office premises in which Director is interested.

(iv) Volume of transaction:

Rent paid : Rs.1,17,000/-

(v) Other elements of the related party transactions necessary for an understanding of the financial statements: NIL.

(vi) The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date and provisions for doubtful debts due from such parties at that date: NIL.

13. **SEGMENT REPORTING:**

As the company's business activities falls within single segment viz., Pharmaceutical and Allied Products. The disclosure requirement of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

14. **SHARE CAPITAL:**

The paid up capital of the company is Rs.3,67,04,000/- divided into 36,70,400 equity share of Rs.10/- each.

15. In the opinion of the Board the Current Assets, Loans and Advances are approximately of the value stated if realized in the ordinary course of the business. The provision for depreciation and all known liabilities are adequate and not in excess of the amount considered reasonably necessary.

16. The balances shown against Sundry Debtors, Sundry Creditors and Advances are subject to confirmation from the respective parties.

17. **DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:**

As regards to the compliance of provisions relating to the dues to Micro, Small and Medium Enterprises in terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, the Company has sent letters to the Creditors to confirm whether they are Micro, Small and Medium Enterprises. The Company is yet to receive the confirmations from them. Hence, the Company could not quantify the dues, if any to the Micro, Small and Medium Enterprises.



18. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT 1956, (AS CERTIFIED BY A DIRECTOR):
- A. PARTICULARS IN RESPECT OF GOODS MANUFACTURED:
Since the products involved are voluminous, according to the management it is not possible to give product wise details.
- B. STOCKS, PURCHASES & SALES OF FINISHED GOODS:
Since the products involved are voluminous, according to the management it is not possible to give product wise details.
19. During the year it was proposed to declare dividend of 8% on paid up share capital.
20. During the year the company received Rs. 5,22,000/- as subsidy from SIDBI under CLSI scheme. The subsidy was adjusted from the gross block of Plant & Machinery.
21. During the year the company suffered a loss of Rs.14,713/- from the foreign exchange transactions.
22. During the year the company has amortized 20% of preliminary expenses i.e. Rs. 9,58,000/-.
23. The company paid an advance of Rs. 35,00,000/- to APIIC to acquire 5 Acres of Land at Biotech Park, Phase III, Karakapatla, Hyderabad. The amount was shown under Current Assets under the subhead of Loan and Advances.
24. During the year under Audit Commercial Tax Department passed CST Assessment order for the financial years 2005-06 and 2006-07 and raised Rs. 14,00,532/- and Rs. 2,21,921/- as demand for non submission of statutory forms in the respective years. The company has gone for appeal against the order in view of getting all statutory forms from their clients. The appeal is pending with the Appellate Authority, Commercial Department. The company is confident of collecting the statutory forms from the concern parties and demand will be waived by the Department.
25. During the year the following provisions were made:
- | | |
|--------------|----------------|
| Current Tax | Rs.28,11,508/- |
| FBT | Rs.1,85,116 /- |
| Dividend Tax | Rs.4,99,028/- |
26. Disclosure under clause 32 of the Listing Agreement:
- (a) Loans and Advances in the nature of Loans to Subsidiary Company NIL
- (b) Loans and Advances in the nature of Loans to Associate Company NIL



ORTIN LABORATORIES LIMITED

- (c) Loans and Advances in the nature of Loans where there is:
- (1) No repayment schedule or repayment beyond 7 years NIL
 - (2) No interest or interest below section 372 A of Companies Act NIL
- (d) Loans and Advances in the nature of Loans to Firms/Companies
In which Directors are interested Rs. 10,11,000
- (e) Investment by the Loanee in the shares of the parent company
and subsidiary company, when the company has made a loan
or advance in the nature of loan NIL

27. Previous year figures have been regrouped and rearranged wherever necessary.

28. All the amounts are rounded off to the nearest rupee.

Signature to Schedule 'A' to 'O'

As per our attached report of even date

For Mathesh & Ramana
Chartered Accountants

Sd/-

B. V. RAMANA REDDY

Partner

M. No. 026967

Place: Hyderabad

Date: 28-08-2009

On behalf of the Board

For Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy

Managing Director

Sd/-

S. Mohan Krishna Murthy

Director



CASH FLOW FROM OPERATION ACTIVITIES:

PARTICULARS	31-03-2009	31-03-2008
Net Profit before Tax	9,333,646	14,840,990
ADD: Depreciation	1,936,148	1,852,139
ADD: Misc. Expenses	958,000	958,000
ADD: Interest	3,744,246	990,399
Less: Interest received	214,112	165,769
Less: Misc. income	987,639	791,317
Operating Profit	14,770,289	17,684,442
Increase in inventories	(4,025,000)	7,106,222
Increase in debtors	33,581,974	(51,848,765)
Increase in Loan & Advances	18,048,863	(22,802,931)
Increase/Decrease in current liabilities	(32,948,657)	38,368,216
Cash generated from operations	29,427,468	(11,492,816)
Less: Tax expense	2,811,508	5,051,753
Less: Interest paid	3,744,246	990,399
Cash from operations	22,871,714	(17,534,968)
Increase in Investments	100,000	32,994
Add: Misc. Income	987,639	791,317
Add: Additions to Fixed Assets	(3,331,286)	1,006,810
Add: Interest Received	214,112	165,769
Net Cash used in Investing	(2,029,535)	1,996,890
Receipts from share capital	-	-
Receipts from new borrowings	15,790,456	13,573,649
Net Cash used Financing Activity	15,790,456	13,573,649
Net Cash Flow	36,632,635	(1,964,429)
Opening Balance	799,914	2,764,343
Net cash Flow	36,632,635	(1,964,429)
Cash and Cash Equivalentants	37,432,549	799,914

As per our report of even date annexed.

**For Mathesh & Ramana
Chartered Accountants**

Sd/-

B. V. RAMANA REDDY

Partner

M. No. 026967

Place: Hyderabad

Date: 28/08/2009

For and on behalf of the Board.

For Ortin Laboratories Limited

Sd/-

S. Murali Krishna Murthy

Managing Director

Sd/-

S. Mohan Krishna Murthy

Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No. 0 6 8 8 5

State Code 0 1

Balance Sheet Date 3 1 0 3
Date Month

2 0 0 9
Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Development of Funds (Amounts in Rs.Thousands)
Sources of Funds.

Total Liabilities

1 2 6 9 9 4

Total Assets

1 2 6 9 9 4

Paid Up Capital

3 6 7 0 4

Reserves & Surplus

2 8 8 4 8

Secured Loans

5 7 3 9 6

Un Secured Loans

4 0 4 6

Application of Funds

Net Fixed Assets

3 0 9 4 6

Investments

2 6

Net Current Assets

9 3 1 4 8

Miscellaneous Expenditure

2 8 7 4

Accumulated Losses

N I L



IV. Performances of Company (Amount in Rs. Thousands)

Turnover

2	9	8	1	7	6
---	---	---	---	---	---

Total Expenditure

2	8	8	8	4	3
---	---	---	---	---	---

Profit Before Tax

		9	3	3	4
--	--	---	---	---	---

Profit after Tax

		6	2	2	3
--	--	---	---	---	---

Earnings per share in Rs.

Rs.

1	:	7	0
---	---	---	---

 Ps.

Dividend Rate %

	8%	
--	----	--

V. Generic Names of Three principal products/services of company (as per Monetary terms)

Item Code No.

--	--

(Its code)

Product Description:

I)

T	A	B	L	E	T	S										
---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--

II)

C	A	P	S	U	L	E	S									
---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--

III)

S	Y	R	U	P	S											
---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--

For and on behalf of the Board
For ORTIN LABORATORIES LIMITED

Sd/-

S. Murali Krishna Murthy
 MANAGING DIRECTOR

Sd/-

S. Mohan Krishna Murthy
 Director

Place: Hyderabad
 Date: 28-08-2009



ORTIN LABORATORIES LIMITED

ORTIN LABORATORIES LIMITED

Flat No.502, Palem Towers, Barkatpura, Hyderabad - 500 027, Andhra Pradesh, India

PROXY FORM

Folio No: _____ DPID: _____ Client ID: _____ I/We _____ of _____ in the District of _____ being a member/members of the above named company, hereby appoint Mr./Mrs./Ms _____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held Flat No. 502, Palem Towers, Barkatpura, Hyderabad - 500 027 at **11.30 AM on Wednesday, the 30th September, 2009** and at any adjournment thereof.

Signed this _____ day of _____ 2009

Address _____

Signature _____

Note: The Proxy form duly signed completed must be signed deposited at the Registered Office of the company not less than 48 hours before the time of holding the meeting. A proxy need not be a member.

TEAR HERE

ORTIN LABORATORIES LIMITED

Flat No. 502, Palem Towers, Barkatpura, Hyderabad – 500 027, Andhra Pradesh, India

ATTENDANCE SLIP

I hereby record my presence at the Twenty Second Annual General Meeting of the Company at Flat No. 502, Palem Towers, Barkatpura, Hyderabad – 500 027 at **11.30 AM on Wednesday, the 30th September, 2009** and at any adjournment thereof.

Name of attending shareholder _____

(In Block Letters)

Name of the proxy _____

(to be filed in if the proxy attends instead of the shareholders)

SIGNATURE OF THE SHAREHOLDER/PROXY

Ledger Folio No: _____

Distinctive Number of Shares _____

DP ID _____ CLIENT ID _____

Note: Shareholders/Proxy holders are requested to bring the Attendance Slips with them duly completed when they come to the meeting and hand them over at the gate, affixing their signature there on.

Book Post

If undelivered, please return to:

Flat No.502, Palem Towers, Barkatpura, Hyderabad - 500 027
Andhra Pradesh, India

Ph: +91 40 27562055, Fax: +91 40 66103055

E-mail: ortinlabshyd@sify.com,

Website: www.ortinlabs.com

